

DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

ANALYSIS OF FY 2002 LEGISLATIVE OVERSIGHT REPORTS

Expenditure Oversight

The following is a summary of the FY 2002 General Fund appropriation activity:

Department of Agriculture and Land Stewardship

Original FY 2002 Appropriation	\$ 18,920,162
Salary Adjustment	814,774
Workers Compensation Adjustment	2,574
Soil Conservation Cost Share 2001 Balance Carry Forward	4,440,262
Soil Conservation Cost Share 2000 Balance Carry Forward	1,508,773
Soil Conservation Cost Share 1999 Balance Carry Forward	431,219
Technology Balance Carry Forward	26,722
Furloughs	(137,827)
4.30% Across The Board Cuts	(848,715)
1.00% Across The Board Cuts	(188,696)
Technology Reversion	(1,692)
Reversions	(132,005)
Total FY 2002 Appropriation	\$ 24,835,551

Soil Conservation Cost Share Balance Carry Forward: The Soil Conservation Cost Share appropriations had a total balance carry forward of \$6,380,253 into FY 2002. The Soil Conservation Division has four years to spend or obligate funds before they revert. Prior to FY 2001, the Program was funded from the General Fund. Beginning with the FY 2001 appropriation, \$5,500,850 was funded from the General Fund and \$2,000,000 was funded from the Environment First Fund. During the FY 2002 General Assembly, total Program funding was shifted to the Environment First Fund and is appropriated by the Transportation, Infrastructure, and Capitals Appropriations Subcommittee.

FY 2001 and FY 2002 Technology Carry Forward: The Department of Agriculture and Land Stewardship encumbered \$26,722 from FY 2001 to FY 2002 to be used for training and technology enhancements as provided in Section 8.62, Code of Iowa. This amount was used for computer equipment upgrades and software. The training and technology carry forward amount from FY 2002 to FY 2003 was \$1,692.

Appropriation Transfers: During FY 2002, the Department notified the LFB that \$358,400 would be transferred to the Soil Conservation Division. Programs that

transferred funds to that Division have been reorganized and the funds were available due to cost savings. Funds were transferred from the following areas:

- Commercial Feed Program – \$154,000
- Fertilizer Program – \$95,000
- Pesticide Program – \$61,000
- Dairy Products Bureau – \$48,400



Reversions: The Department had \$132,005 in reversions. The following areas reverted funds at the end of FY 2002:

- Market Development and Administrative Services Division – \$26,472
- Consumer Protection and Regulatory Affairs Division – \$84,502
- Soil Conservation Division – \$21,031

Furloughs: The General Fund appropriation was reduced by \$137,827 by the General Assembly in SF 2304 (2002 Budget Adjustment Act) for a furlough reduction. The Department was closed three days in FY 2002. The following areas were reduced:

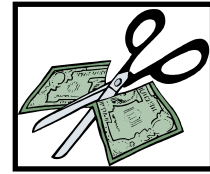
- Market Development and Administrative Services Division – \$15,475
- Farmer's Market Coupon Program – \$521
- Consumer Protection and Regulatory Affairs Division – \$62,167
- Soil Conservation Division – \$59,704

4.30% Across the Board Reduction: The Governor issued Executive Order Number 24, effective November 1, 2001, that reduced Department appropriations by \$848,715 (4.30%) for FY 2004. The Department reduced the following areas:

- Market Development and Administrative Services Division – \$108,100
- Farmer's Market Coupon Program – \$13,299
- International Relations Fund – \$866
- Pseudorabies Eradication Program – \$38,730
- Consumer Protection and Regulatory Affairs Division – \$375,734

- Soil Conservation Division – \$311,986

1.00% Across the Board Reduction: Upon passage of SF 2304 (FY 2002 Budget Adjustment Act), the Department reduced the following areas by 1.00%:



- Market Development and Administrative Services Division – \$24,059
- Farmer's Market Coupon Program – \$2,960
- Pseudorabies Eradication Program – \$8,620
- Consumer Protection and Regulatory Affairs Division – \$83,622.
- Soil Conservation Division – \$69,435

2003 ADJUSTMENTS TO BUDGETS

The estimated FY 2003 General Fund appropriation to the Department of Agriculture and Land Stewardship is \$16,743,803. This is a decrease of \$1,818,469 (9.80%) compared to the actual FY 2002 appropriation. The estimated FY 2003 General Fund appropriation includes original legislative action and action taken in the second extraordinary session. It *does not* include salary adjustment, which was funded from non-General Funds in FY 2003.

- **Furloughs:** the Department's General Fund appropriations were reduced by \$419,823 (2.45%) in HF 2627 (FY 2003 Second Omnibus Appropriations Act). The reductions were from savings due to employee furloughs and salary reductions. The reductions were applied to the following budget units:
 - ✦ Department of Agriculture and Land Stewardship – \$403,077
 - ✦ Feed Grain Verification Program – \$479
 - ✦ Dairy Products Bureau – \$16,267
- **Salary Adjustment:** Salary adjustment was funded from non-General Funds for FY 2003. The Department received a total of \$248,710 in salary adjustment funds.

Impact of Budget Reductions

The Department of Agriculture and Land Stewardship implemented a furlough program and the Department was closed on three different days. Other changes include:

- Reduction of services in the Apiary Bureau.

- Left vacant positions open in the Meat and Poultry Inspection Bureau.
- Eliminated the training of commercial pesticide applicators.
- Reduced the number of gypsy moth traps set.
- Reduced the number of soil survey tests completed.
- Reduced reimbursement to District Soil Conservation Commissioners.



DEPARTMENT OF NATURAL RESOURCES

ANALYSIS OF FY 2002 LEGISLATIVE OVERSIGHT REPORTS

Expenditure Oversight

The following is a summary of the FY 2002 General Fund appropriation:

Department of Natural Resources

Original FY 2002 Appropriation	\$ 16,529,838
Salary Adjustment	930,219
Workers Compensation Adjustment	6,371
Furloughs	(151,073)
4.30% Across The Board Cuts	(751,056)
1.00% Across The Board Cuts	(167,153)
Reversions	(262,911)
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Total FY 2002 Appropriation	<u><u>\$ 16,134,235</u></u>

Appropriations Transfers: During FY 2002, the Department transferred \$30,000 into the Parks and Preserves Bureau, as camping fee receipts were lower than budgeted due to adverse weather conditions. Programs that transferred funds out delayed purchases during FY 2002 for travel, depreciation, and other items. Funds were transferred from the following areas:

- Energy and Geology Bureau – \$20,000
- Environmental Protection Bureau – \$10,000

Reversions: The Department reverted \$262,911 to the General Fund at the end of FY 2002.

- Administrative Services Division – \$117,545
- Parks and Preserves Division – \$40,161
- Forest and Prairies Division – \$33,069
- Energy and Geology Division – \$62,683
- Environmental Protection Division – \$9,453



Furloughs: The Department reduced the General Fund appropriation by \$151,073 for a furlough reduction as follows:

- Administrative Services Division – \$19,113
- Parks and Preserves Division – \$58,903
- Forest and Prairies Division – \$16,183
- Energy and Geology Division – \$15,263
- Environmental Protection Division – \$41,611



4.30% Across the Board Reduction: The Governor issued Executive Order Number 24, effective November 1, 2001, that required departments to reduce the FY 2002 appropriation by 4.30%. The Department reduced the following areas:

- Administrative Services Division – \$95,018
- Parks and Preserve Division – \$275,152
- Forest and Prairies Division – \$80,450
- Energy and Geology Division – \$75,883
- Environmental Protection Division – \$206,867
- Marine Fuel Tax Account – \$17,686

1.00% Across the Board Reduction: Upon passage of SF 2304 (FY 2002 Budget Adjustment Act), the Department reduced the following areas by 1.00%:

- Administrative Services Division – \$21,147

- Parks and Preserve Division – \$61,237
- Forest and Prairies Division – \$17,905
- Energy and Geology Division – the \$16,888
- Environmental Protection Division – \$46,040
- Marine Fuel Tax Account – \$3,936



2003 ADJUSTMENTS TO BUDGETS

The estimated FY 2003 General Fund appropriation to the DNR is \$15,174,616. This is a decrease of \$1,222,530 (7.46%) compared to the actual FY 2002 appropriation. The estimated FY 2003 General Fund appropriation includes original legislative action and action taken in the second extraordinary session. It *does not* include salary adjustment, which was funded from non-General Funds in FY 2003.

- **Furloughs:** The Department's General Fund appropriations were reduced by \$380,700 (2.45%) in HF 2627 (FY 2003 Second Omnibus Appropriations Act). The reductions were to result from savings due to employee furloughs and salary reductions.
- **Salary Adjustment:** Salary adjustment was funded from non-General Funds for FY 2003. The Department received a total of \$314,454 in salary adjustment funds.

Impact of Budget Reductions

The DNR implemented a reorganization of the Department during FY 2002. The following changes were made:

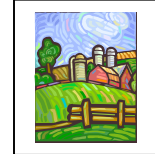
- Reduced the number of operating divisions from seven to three.
- Reduced the number of operating bureaus from 21 to 16.
- Eliminated four Division Administrator positions and five Bureau Chief positions for a General Fund savings of \$414,000 and other funds savings of \$153,000.
- Reduced the number of supervisors at State Parks.

ANALYSIS OF FISCAL ISSUES

The major issues of the Department of Agriculture and Land Stewardship include:

- ▶ **Environment First Fund Deappropriations** – The Environment First Fund was established by the 2000 General Assembly with a standing appropriation of \$35.0 million. Program funding was deappropriated during FY 2002. Changes include:

- ✦ The original FY 2002 appropriation was \$35,000,000. During the 2002 Legislative Session, the General Assembly passed SF 2304 (FY 2002 Budget Adjustment Act) and HF 2625 (FY 2002 Adjustments and Transfers Act) that deappropriated \$10,100,000 from the Fund for FY 2002. These funds were transferred as follows:



- \$7,500,000 to the General Fund.
- \$1,500,000 to the State Appeal Board.
- \$1,000,000 to the Medical Assistance Program.
- \$100,000 to the Performance of Duty Program.

- ✦ The original FY 2003 appropriation to the Environment First Fund was \$35,000,000. The General Assembly passed HF 2627 (FY 2003 Second Omnibus Appropriations Act) during the Second Special Session that deappropriated \$18,500,000 from the FY 2003 appropriation.
- ✦ On June 12, 2002, the Iowa Supreme Court ruled that taxing casinos with racetracks at a higher rate than casinos without racetracks was unconstitutional. The FY 2003 impact of that ruling is a \$40,300,000 decrease in funds for the Rebuild Iowa Infrastructure Fund (RIIF) that funds the Environment First Fund.
- ✦ Revisions to appropriations for Environment First Fund programs will be determined by the 2003 General Assembly.

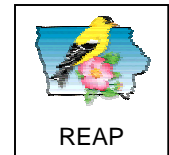
- ▶ **Foreign Animal Disease** – The Department of Agriculture and Land Stewardship in coordination with a number of other agencies implemented the Foot and Mouth Disease Response and Recovery Plan during FY 2002. This was in response to a number of outbreaks of Foot and Mouth Disease, and Bovine Spongiform Encephalopathy (Mad Cow) Disease, in Europe during 2001. After September 11, 2001, concern that terrorists could use a virus, toxin, or other chemicals to produce an animal disease increased. On September 11, 2002, the Department received \$622,000 from the United States Department of Agriculture (USDA) for efforts to detect, respond, and recover from a foreign animal disease.
- ▶ **West Nile Virus** – This is a disease carried by mosquitoes that was identified in New York in 1999. During 2002, there were two Iowa horses reported to be infected with the Virus. As of October 14, 2002, there were over 1,000 horses infected and

approximately 160 have died or were destroyed. The Code of Iowa requires owners of infected animals to report cases of the Virus to the State Veterinarian.

- **Animal Agriculture Regulation** – The 2002 General Assembly passed SF 2293 (FY 2003 Animal Agriculture Act) that amended statutory requirements regarding the regulation of animal feeding operations. Animal confinement operators are required to pay an annual fee of \$0.15 per animal unit that will be deposited into the Assessment Account of the Animal Agriculture Compliance Fund to fund 12.00 FTE positions for enforcement of the Act. The Act implements the use of the Master Matrix, a scoring system used by a County Board of Supervisors and the DNR to determine if a new animal confinement construction permit should be issued, beginning March 1, 2003.



- **Resource Enhancement and Protection (REAP) Fund** – The Code of Iowa appropriates \$20,000,000 annually to the REAP Fund. The General Assembly appropriated \$10,000,000 to the Fund in FY 2002 from the Environment First Fund. This amount was deappropriated by \$2,800,000 upon passage of SF 2304 (FY 2002 Budget Adjustment Act). For FY 2003, the REAP Fund was appropriated \$10,000,000 from the Environment First Fund but reduced to \$2,000,000 upon passage of HF 2627 (FY 2003 Second Omnibus Appropriations Act). The General Assembly notwithstanding language in the Code of Iowa that allocates REAP funds based on a percentage formula. Instead, funds were designated to reimburse local governments for property taxes lost on land purchased by the Department. For FY 2004, the Department is requesting \$15,000,000.



- **State Forest Nursery** – The 2002 General Assembly created the Program Elimination Commission to review all State programs and functions funded with State or local revenues. One of the assets reviewed by the Commission was the State Forest Nursery that is located in Ames, Iowa. The Nursery sells bareroot seedlings in quantities of 500 or more to Iowa landowners for conservation projects and sells between 3,000,000 to 5,000,000 seedlings annually. The operation generates approximately \$1,500,000 in revenue each year that pays for all Nursery expenditures. The LFB completed an **Issue Review** entitled "[Overview of the State Forest Nursery](#)" in September 2002.



- **Water Quality** – The Department of Natural Resources compiled the 2002 listing of impaired waterbodies as specified in Section 303(d) of the federal Clean Water Act. The proposed listing has 159 impaired waterbodies and will be forwarded to the federal Environmental Protection Agency (EPA) for approval. The 1998 list has 157 impaired waterbodies with 220 impairments and the 2002 list has 159 waterbodies with 215 impairments.